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Hearing Date: October 17, 2012 at 10:00 a.m.

Attorneys for Ambac Assurance Corporation and the Segregated Account of Ambac Assurance Corporation

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11  
RESIDENTIAL CAPITAL, LLC, *et al.* : Case No. 12-12020 (MG)  
Debtors. : Jointly Administered  
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**STATEMENT AND RESERVATION OF RIGHTS OF  
AMBAC ASSURANCE CORPORATION AND THE SEGREGATED  
ACCOUNT OF AMBAC ASSURANCE CORPORATION WITH RESPECT TO THE  
PRE-AUCTION OBJECTIONS OF THE RMBS TRUSTEES TO THE DEBTORS' SALE MOTION**

Ambac Assurance Corporation (“Ambac Assurance”) and the Segregated Account of Ambac Assurance Corporation (“Segregated Account” and, collectively with Ambac Assurance, “Ambac”), respectfully submit this statement and reservation of rights (“Statement”) in connection with the *Pre-Auction Objections of the RMBS Trustees to the Debtors' Sale Motion*, dated August 23, 2012, Dkt. No. 1242 (the “Trustee Objection”) and the *Omnibus Reply to the RMBS Trustees' Pre-Auction Objections to the Debtors' Sale Motion*, Dkt. No. 1768, which was filed by the above-captioned debtors (“Debtors”) on October 9, 2012 (“Debtors' Reply”).

**STATEMENT**

1. Earlier today, Ambac filed the *Objection and Reservation of Rights of Ambac Assurance Corporation and the Segregated Account of Ambac Assurance Corporation to Proposed Assumption and Assignment of Certain Executory Contracts* (“Ambac Objection”).<sup>1</sup> Ambac objects to the proposed assumption and assignment of certain contracts in connection with the proposed sale of the Debtors’ mortgage loan origination and servicing platform (the “Sale”) because the proposed order approving the Sale (“Sale Order”) appears to diminish or eliminate important rights of Ambac against the successor servicer (either Nationstar Mortgage LLC or another party that is named the winning bidder for the servicing platform). Many of the objections raised in the Ambac Objection are similar or identical to the objections raised in the Trustee Objection. Ambac expressly joined and incorporated the Trustee Objection in its objection to assumption and assignment. See Ambac Objection, ¶ 27.

2. It is not clear what effect, if any, a resolution of the Trustee Objection and the Debtors’ Reply (either by agreement of the parties or as a result of a determination by this Court) might have on the Ambac Objection. The hearing on the Ambac Objection (*i.e.*, the hearing to consider entry of the Sale Order) is not scheduled to commence until November 19, 2012. But, at that time, the Debtors might argue that certain aspects of the Ambac Objection were adjudicated in connection with the hearing on the Trustee Objection and the Debtors’ Reply. Therefore, out of an abundance of caution, Ambac hereby notifies this Court, the Debtors and all other parties in interest that it has joined the Trustee Objection (to the extent not inconsistent with the Ambac Objection) and that it reserves the right to appear and be heard at the October 17 hearing to consider the Trustee Objection and the Debtors’ Reply.

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<sup>1</sup> With this Court’s permission, the Debtors extended Ambac’s deadline to file the Ambac Objection from September 28 to October 12.

Dated: New York, New York  
October 12, 2012

Respectfully submitted,

**PATTERSON BELKNAP WEBB & TYLER LLP**  
Attorneys for Ambac Assurance Corporation and  
the Segregated Account of Ambac Assurance  
Corporation

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